



**VIRTUALSOFT**  
Get The Digital Edge

BM/16-17/4

July 5, 2017

**BSE LTD (formerly BOMBAY STOCK EXCHANGE LTD.,  
25<sup>TH</sup> FLOOR, Phroze Jeejeebhoy Towers,  
Dalai Street, Mumbai-400 001**

**Kind Attn: Mr. Sambaji Solat and Manish Rawat-Listing Compliance Officer**

**Ref no. LIST/COMP/ Reg-33 Mar-17/531126/244/2017-18 dated Jun15-2017**

**Dear Sir ,**

With reference to the above letter for Non submission of Financial Result under regulation 33 of SEBI (LODR) regulation 15 for March-2017. We wish to submit as under:-

- 1) Our Compliance officer was on leave for medical treatment since 10<sup>th</sup> May to 30<sup>th</sup> June, result of which we were unable to complete the compliance.
- 2) In the absence of compliance officer are other office were unaware of the legal provision on submission of March-17 final accounts & was of the understanding that the unaudited financial could be submitted in lieu of Audited financial accounts.
- 3) We wish you inform you this has been first mistake of its kind, as we normally comply regularly to the rules & regulations of the stock exchange.

We regret for the delay in compliance and wish to inform you that are our omission of compliance was not deliberate and request you condone the above mention delay & fine as mentioned in your above letter. We assure you of timely compliance in future

Thanking you

Sincerely

**For Virtualsoft Systems Limited**

  
**Rajendra V Kulkarni**  
**Compliance Officer**

**VIRTUALSOFT SYSTEMS LIMITED**

(CIN No.: L72200DL1992PLC047931)

Regd. Office: S-101, Panchsheel Park, New Delhi- 110 017 India

Corp. Office: A-69, Ground Floor, Okhla Industrial Area, Phase-II, New Delhi-110 020

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## VIRTUALSOFT SYSTEMS LIMITED

Regd. Off: S-101 Panchsheel Park, New Delhi - 110017

PARTICULARS	(Figure in Lacs)				
	Quarter Ended			Year Ended	
	31.03.2017 (Audited)	31.12.2016 Un-Audited)	31.03.2016 (Audited)	31.03.2017 (Audited)	31.03.2016 (Audited)
<b>1. Income from Operations</b>					
a) Net Sales/ Income From Operations	293.81	182.07	122.21	874.17	605.07
b) Other Operating Income	0.26	0.00	0.00	1.05	0.00
<b>2. Expenses</b>					
a. Cost of Materials Consumed	0.00	0.00	0.00	0.00	0.00
b. Purchase of Stock In Trade	195.78	47.40	85.97	528.94	359.76
c. Change in the inventories of Finished Goods, Work in Progress and Stock in Trade	2.71	39.06	2.13	6.62	4.08
d. Employee Benefit Expenses	127.43	124.41	112.32	471.70	397.27
e. Depreciation & Amortisation expenses	10.62	7.79	6.25	33.15	24.77
f. Other expenditure	164.71	90.25	87.75	461.68	305.56
<b>g. Total</b>	<b>501.25</b>	<b>308.91</b>	<b>294.42</b>	<b>1502.09</b>	<b>1091.44</b>
<b>3. Profit from Operations before Other Income, Finance Cost Interest and Exceptional Items (1-2)</b>	<b>(207.18)</b>	<b>(126.84)</b>	<b>(172.21)</b>	<b>(626.87)</b>	<b>(486.37)</b>
4. Other Income	0.00	0.00	0.30	0.00	0.00
<b>5. Profit before Interest and Exceptional Items (3+4)</b>	<b>(207.18)</b>	<b>(126.84)</b>	<b>(171.91)</b>	<b>(626.87)</b>	<b>(486.37)</b>
6. Finance Cost	61.54	9.85	63.12	82.97	87.75
<b>7. Profit after Interest but before Exceptional Items (5-6)</b>	<b>(268.72)</b>	<b>(136.69)</b>	<b>(235.03)</b>	<b>(709.84)</b>	<b>(574.12)</b>
8. Exceptional items	0.00	0.00	0.00	0.00	0.00
<b>9. Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)</b>	<b>(268.72)</b>	<b>(136.69)</b>	<b>(235.03)</b>	<b>(709.84)</b>	<b>(574.12)</b>
10. Tax expense	0.00	0.00	0.00	0.00	0.00
<b>11. Net Profit (+)/ Loss (-) from Ordinary Activities after tax (9-10)</b>	<b>(268.72)</b>	<b>(136.69)</b>	<b>(235.03)</b>	<b>(709.84)</b>	<b>(574.12)</b>
12. Extraordinary Item (net of tax expense Rs.	0.00	0.00	0.00	0.00	0.00
<b>13. Net Profit(+)/ Loss(-) for the period (11-12)</b>	<b>(268.72)</b>	<b>(136.69)</b>	<b>(235.03)</b>	<b>(709.84)</b>	<b>(574.12)</b>
14. Share of Profit / (loss) of associates *	0.00	0.00	0.00	0.00	0.00
<b>15. Minority Interest*</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>16. Net Profit / (Loss) after taxes, minority interest and share of profit/ (loss) of associates (13 + 14 + 15) *</b>	<b>(268.72)</b>	<b>(136.69)</b>	<b>(235.03)</b>	<b>(709.84)</b>	<b>(574.12)</b>
17. Paid-up equity share capital (Face Value of the Share shall be indicated)	1029.76	1029.76	1029.76	1029.76	1029.76
18. Reserve excluding Revaluation	20.00	20.00	20.00	20.00	20.00
<b>19.(I) Earnings Per Share (before extraordinary items)( of Rs.10/-each(not annualised)</b>					
(a) Basic	(2.61)	(1.33)	(2.28)	(6.89)	(5.58)
(b) Diluted	(2.61)	(1.33)	(2.28)	(6.89)	(5.58)
<b>19.(II) Earnings Per Share (After extraordinary items)(of Rs.10/- each (not annualised)</b>					
(a) Basic	(2.61)	(1.33)	(2.28)	(6.89)	(5.58)
(b) Diluted	(2.61)	(1.33)	(2.28)	(6.89)	(5.58)

NOTES

  
**Rajendra V kukarni**  
 Director

New Delhi

## VIRTUALSOFT SYSTEMS LIMITED

Regd. Off: S-101 Panchsheel Park, New Delhi - 110017

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31,2017

PARTICULARS	(Figures in Lacs)				
	Quarter Ended			Year Ended	
	31.03.2017 (Audited)	31.12.2016 Un-Audited)	31.03.2016 (Audited)	31.03.2017 (Audited)	31.03.2016 (Audited)
<b>1. Income from Operations</b>					
a) Net Sales/ Income From Operations	92.28	2.68	28.14	110.65	100.78
b) Other Operating Income	0.00	0.00	0.00	0.00	0.00
<b>2. Expenses</b>					
a. Cost of Materials Consumed	0.00	0.00	0.00	0.00	0.00
b. Purchase of Stock In Trade	74.89	0.18	0.53	77.28	2.08
c. Change in the inventories of Finished Goods, Work in Progress and Stock in Trade	0.00	0.00	0.00	0.00	0.00
d. Employee Benefit Expenses	9.66	10.51	32.69	64.35	106.40
e. Depreciation & Amortisation expenses	0.82	0.95	1.22	3.68	3.46
f. Other expenditure	4.59	6.61	12.85	38.19	33.98
<b>g. Total</b>	<b>89.96</b>	<b>18.25</b>	<b>47.29</b>	<b>183.50</b>	<b>145.92</b>
<b>3. Profit from Operations before Other Income, Finance Cost Interest and Exceptional Items (1-2)</b>	<b>2.32</b>	<b>(15.57)</b>	<b>(19.15)</b>	<b>(72.85)</b>	<b>(45.14)</b>
4. Other Income	0.02	0.44	2.55	0.46	2.85
<b>5. Profit before Interest and Exceptional Items (3+4)</b>	<b>2.34</b>	<b>(15.13)</b>	<b>(16.60)</b>	<b>(72.39)</b>	<b>(42.29)</b>
6. Finance Cost	4.28	0.31	0.74	4.94	2.09
<b>7. Profit after Interest but before Exceptional Items (5-6)</b>	<b>(1.94)</b>	<b>(15.44)</b>	<b>(17.34)</b>	<b>(77.33)</b>	<b>(44.37)</b>
8. Exceptional items	0.00	0.00	0.00	0.00	0.00
<b>9. Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)</b>	<b>(1.94)</b>	<b>(15.44)</b>	<b>(17.34)</b>	<b>(77.33)</b>	<b>(44.37)</b>
10. Tax expense	0.00	0.00	0.00	0.00	0.00
<b>11. Net Profit (+)/ Loss (-) from Ordinary Activities after tax (9-10)</b>	<b>(1.94)</b>	<b>(15.44)</b>	<b>(17.34)</b>	<b>(77.33)</b>	<b>(44.37)</b>
12. Extraordinary Item (net of tax expense Rs.	0.00	0.00	0.00	0.00	0.00
<b>13. Net Profit(+)/ Loss(-) for the period (11-12)</b>	<b>(1.94)</b>	<b>(15.44)</b>	<b>(17.34)</b>	<b>(77.33)</b>	<b>(44.37)</b>
14. Share of Profit / (loss) of associates *	0.00	0.00	0.00	0.00	0.00
<b>15. Minority Interest*</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>16. Net Profit / (Loss) after taxes, minority interest and share of profit/ (loss) of associates (13 + 14 + 15) *</b>	<b>(1.94)</b>	<b>(15.44)</b>	<b>(17.34)</b>	<b>(77.33)</b>	<b>(44.37)</b>
17. Paid-up equity share capital (Face Value of the Share shall be indicated)	1029.76	1029.76	1029.76	1029.76	1029.76
18. Reserve excluding Revaluation	20.00	20.00	20.00	20.00	20.00
19. (I) Earnings Per Share (before extraordinary items)( of Rs.10/-each(not annualised)					
(a) Basic	(0.02)	(0.15)	(0.17)	(0.75)	(0.43)
(b) Diluted	(0.02)	(0.15)	(0.17)	(0.75)	(0.43)
19. (II) Earnings Per Share (After extraordinary items)(of Rs.10/- each (not annualised)					
(a) Basic	(0.02)	(0.15)	(0.17)	(0.75)	(0.43)
(b) Diluted	(0.02)	(0.15)	(0.17)	(0.75)	(0.43)

NOTES

  
 Rajendra V kukarni  
 Director

New Delhi



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**SUMMARY OF ASSETS AND LIABILITIES AS AT 31ST MARCH 2017**

PARTICULARS	Standalone		Consolidated	
	Figure in Lacs)			
	As At 31.03.2017	As At 31.03.2016	As At 31.03.2017	As At 31.03.2016
<b>A Equity And Laibilities</b>				
<b>1.Shareholder's Funds</b>				
(a) Share Capital	1,029.76	1,029.76	1029.76	1029.76
(b) Recerve & Surplus	1,607.33	1,529.99	(2,258.74)	1811.12
	(577.57)	(500.23)	(1,228.98)	(781.36)
<b>2 Minority Interest</b>	-	-	(68.64)	193.58
<b>3 Non -Current Liabilities</b>				
(a)Long Term Borrowings	1,432.48	1,375.37	2865.04	2146.76
(b)Other Long Term Borrowings	-	-	4.96	7.57
<b>4 Current Liabilities</b>				
(a) short Term borrowings	1.35	-	96.37	144.99
(b) Trade Payable	4.93	8.99	73.04	82.85
(c ) Other Current Liabilities	27.98	54.52	211.27	198.29
(d) Short term provisions	17.16	16.91	40.28	26.69
<b>TotalEquity And Laibilities</b>	<b>906.34</b>	<b>955.56</b>	<b>1,993.35</b>	<b>2,019.37</b>
<b>B Assets</b>				
<b>1 Non-Current Assests</b>				
(a)Fixed Assets	6.90	10.58	761.56	749.62
(b)Capital Work-in progress	45.11	45.11	985.33	968.83
(C)Investments	-	-	-	-
(D)Long Term Loans & Advances	5.07	28.90	37.86	37.57
(d)Other nonCurrent Assets	-	-	-	-
<b>2 Curent Assets</b>				
(a) Current Investment	792.00	792.00	-	-
(b)Inventories	-	-	32.43	39.05
(c )Sundry Debtors	5.18	29.09	84.05	121.61
(d)Cash & Bank Balances	21.21	10.57	31.60	20.36
(e) Other Current Assets	-	-	-	-
(f)Short Term Loans and Advances	30.87	39.31	60.52	82.33
<b>Total Net Current Assets</b>	<b>906.34</b>	<b>955.56</b>	<b>1,993.35</b>	<b>2,019.37</b>

For VirtualSoft Systems Limited

  
Rajendra V Kulkarni  
Director

**VIRTUALSOFT SYSTEMS LIMITED**

(CIN No.: L72200DL1992PLC047931)



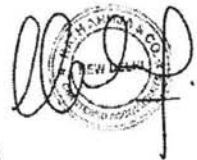

Regd. Office: S-101, Panchsheel Park, New Delhi- 110 017 India

Corp. Office: A-69, Ground Floor, Okhla Industrial Area, Phase-II, New Delhi-110 020

T: +91 11 49305050, 42701491 | E: sales@virtsoft.com | W: www.virtsoft.com, www.vreach.net

**FORM A**

**Format of Covering Letter of the Annual Audit Report to Be Filed With the Stock Exchange**

1.	Name of the company	<b>VIRTUALSOFT SYSTEMS LIMITED</b>
2.	Annual financial statements for the year ended	<b>31<sup>st</sup> March 2017</b>
3.	Type of Audit observation	<b>Un-Qualified</b>
4.	Frequency of observation	<b>Not Applicable</b>
5.	To be signed by-	
	• CEO/Managing Director	 <b>Gokul Tandan</b> <b>Managing Director</b>
	• CFO	 <b>Athar Ahmad</b> <b>Chief Financial Officer</b>
	• Auditor of the company	<b>Nath Ahuja &amp; Co.</b> <b>Chartered Accountant</b> <b>Membership No. 80178</b> 
	• Audit Committee Chairman	 <b>Ashima Puri</b> <b>Chairman-Audit Committee</b>



*Nath Ahuja & Co.*  
*Chartered Accountants*

**INDEPENDENT AUDITORS' REPORT**

**To the Members of VirtualSoft Systems Limited**

**Report on the Financial Statements**

We have audited the accompanying standalone financial statements of **VirtualSoft Systems Limited** ('the Company') which comprise the balance sheet as at 31<sup>st</sup> March 2017, the statement of profit and loss and the cash flow statement for the year ended 31<sup>st</sup> March 2017, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder,

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the

Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the statement of affairs of the Company as at 31<sup>st</sup> March, 2017 and its profit and Loss and its cash flows for the year ended on that date.

### **Emphasis of Matter**

Attention is invited to Note no. 25 under Explanatory Notes to Financial Statements regarding compliance with 'AS 15- Accounting for Employee Benefits', the management is providing for provisions of gratuity and leave encashment as per management's policy whereas as per AS-15, every listed company is required to get the valuation done by an Actuary.

Attention is invited to Note no. 31 under Explanatory Notes to Financial Statements regarding the financial statements being prepared on a going concern basis, notwithstanding the fact that the company's net worth is eroded (Net Worth as on 31<sup>st</sup> March, 2017 Rs. - 5,77,56,565/-). These events cast significant doubt on the ability of the Company to continue as a going concern.

Attention is invited to Note no. 34 under Explanatory Notes to Financial Statements regarding amortization of intangible assets. The company has not provided for amortization of CRM Software and Website under development.

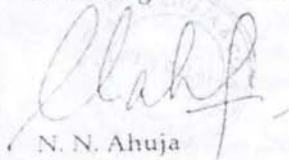
### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- d. except for the matter described in the Emphasis of Matter paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. on the basis of written representations received from the directors as on 31<sup>st</sup> March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017, from being appointed as a director in terms of Section 164(2) of the Act;
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position.
  - The Company does not have any long term, contracts including derivate contracts for which provision would be required to be made under the applicable law or accounting standards, for material foreseeable losses.
  - Following are the instances of delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company :

Year	Amount(Rs.)
1997-1998	43,850
1996-1997	27,390

For Nath Ahuja & Co.  
Chartered Accountants  
Firm's registration number: 001083N

  
N. N. Ahuja  
Proprietor  
Membership No. 80178

Place :- New Delhi  
Date:- 30<sup>th</sup> May, 2017

## Annexure - A to the Auditors' Report

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The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March 2017, we report that:

- i) In respect of its fixed assets:
  - (a) The Company has maintained its Fixed Assets Register.
  - (b) As explained to us, the physical verification of fixed assets was conducted by the management at reasonable intervals but we were not provided with any records for the same so we are unable to comment on the frequency of physical verification having regard to the size of the Company and the nature of assets.
  - (c) According to the information and explanations given to us, point (c) is not applicable as the Company does not have any immovable properties.
- ii) In respect of its inventories:
  - (a) As informed and represented to us, there were no inventories lying with the company which were required to be physically verified during the year by the management at reasonable intervals.
  - (b) As the company does not have inventory, point (b) is not applicable.
- iii) In respect of loans granted by the company:
  - (a) The Company has not granted any loans, secured or Unsecured to Companies firms or other parties covered under register maintained under section 189 of the Companies Act, 2013.
  - (b) Accordingly, para 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company in respect of repayment of the principal amount and interest.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public during the year. Therefore, the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under are not applicable to the Company.
- vi) We have been informed by the management that no cost records have been prescribed under section 148 (1) of The Companies Act, for any of the products sold or services rendered by the company.

- vii) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company is not regular in depositing undisputed statutory dues including Service Tax, Income Tax and other material statutory dues as applicable with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Service Tax, Duty of Customs, Value Added Tax or any other material statutory dues were outstanding, as at 31<sup>st</sup> March, 2017 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, there are no dues of Service Tax, Income Tax, Sales Tax and Excise Duty which have not been deposited on account of any dispute as at March 31, 2017.

- viii) According to the information and explanations given to us, the company has not taken any loans from financial institutions or banks so there is no default in repayment of dues to financial institutions or banks or bond holders.
- ix) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers has been noticed or reported during the course of our audit.
- x) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration in the financial year under consideration.
- xi) During the course of our examination of the books of account, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any private placement of shares or fully or partly convertible debentures or preference shares.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

- xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act 1934.

For Nath Ahuja & Co.  
Chartered Accountants  
Firm's registration number: 001083N

  
N. N. Ahuja  
Proprietor  
Membership No. 80178

Place :- New Delhi  
Date :- 30<sup>th</sup> May, 2017

## Annexure- B to the Auditors' Report

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### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of VirtualSoft Systems Limited ("the Company") as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

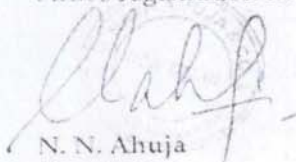
### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Nath Ahuja & Co.  
Chartered Accountants  
Firm's registration number: 001083N



N. N. Ahuja  
Proprietor  
Membership No. 80178

Place :- New Delhi  
Date :- 30<sup>th</sup> May, 2017



*Nath Ahuja & Co.*

*Chartered Accountants*

## INDEPENDENT AUDITORS' REPORT

To the Members of VirtualSoft Systems Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of VirtualSoft Systems Limited ('the Company') and its subsidiaries, which comprise the consolidated balance sheet as at 31 March 2017, the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended 31 March 2017, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of

the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the statement of affairs of the Company as at 31 March 2017 and its profit and Loss and its cash flows for the year ended on that date.

#### Emphasis of Matter

Attention is invited to Note no. 40 under Explanatory Notes to Financial Statements, relating to the applicability of Service Tax on Reverse Charge Mechanism of Section 66A of the Finance Act, 1994 and Service Tax Liability on Prepaid Sales as per the Finance Act, 1994, the Management provided the Opinion obtained from the legal advisors of the company, copy of which was given to us. Considering this Opinion we did not incumbent upon our self to emphasize on the treatment of these transactions.

As a result, we refrain ourselves from commenting on same.

Attention is invited to Note no. 28 under Explanatory Notes to Consolidated Financial Statements regarding compliance with 'AS 15- Accounting for Employee Benefits', the management is providing for provisions of gratuity and leave encashment as per management's policy whereas as per AS-15, subsidiary of every listed company is required to get the valuation done by an actuary.

Attention is invited to Note no. 41 under Explanatory Notes to Consolidated Financial Statements, regarding amortization of intangible assets. The company has not provided for amortization of CRM Software and Website under development.

Attention is invited to Note no. 42 under Explanatory Notes to Consolidated Financial Statements, regarding the financial statements being prepared on a going concern basis, notwithstanding the fact that the company's net worth is eroded (Net Worth as on 31<sup>st</sup> March, 2017 is Rs. -12,28,97,917/-). These events cast significant doubt on the ability of the Company to continue as a going concern.

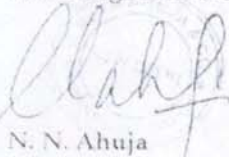
#### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- d. except for the matter described in Emphasis of Matter paragraph, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. on the basis of written representations received from the directors as on 31 March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of Section 164(2) of the Act;
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position.
  - The Company does not have any long term, contracts including derivate contracts for which provision would be required to be made under the applicable law or accounting standards, for material foreseeable losses.
  - Following are the instances of delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company :

Year	Amount(Rs.)
1997-1998	43,850
1996-1997	27,390

For Nath Ahuja & Co.  
Chartered Accountants  
Firm's registration number: 001083N



N. N. Ahuja  
Proprietor  
Membership No. 80178

Place:- New Delhi  
Date :- 30<sup>th</sup> May, 2017

## Annexure - A to the Auditors' Report

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### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **VirtualSoft Systems Limited** ("the Company") as of 31 March 2017 and its subsidiary company in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management and that of its subsidiary company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted

accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

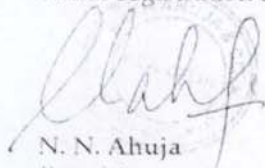
#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company and its subsidiary has, which is company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Nath Ahuja & Co.  
Chartered Accountants  
Firm's registration number: 001083N



N. N. Ahuja  
Proprietor  
Membership No. 80178

Place :- New Delhi  
Date :- 30<sup>th</sup> May, 2017